

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 34	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR -2015 - * 36	Amendment No. (req. for Amendments *)	
Filing by Miami International Securities Exchange, LLC. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934		
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>		Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>				
Description					
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).					
<input type="text" value="Proposed rule change relating to the MIAX PRIME auction mechanism."/>					
Contact Information					
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.					
First Name *	<input type="text" value="Richard"/>	Last Name *	<input type="text" value="Rudolph"/>		
Title *	<input type="text" value="Senior Counsel"/>				
E-mail *	<input type="text" value="rrudolph@miami-holdings.com"/>				
Telephone *	<input type="text" value="(609) 897-1484"/>	Fax	<input type="text"/>		
Signature					
Pursuant to the requirements of the Securities Exchange Act of 1934,					
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.					
Date	<input type="text" value="05/13/2015"/>	(Title *)			
By	<input type="text" value="Richard S. Rudolph"/>	<input type="text" value="Senior Counsel"/>			
(Name *)		<input type="text" value="Persona Not Validated - 1427205277040"/>			
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.					

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Miami International Securities Exchange, LLC (“MIAX” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend Exchange Rule 515A.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on December 11, 2014. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Richard S. Rudolph, Senior Counsel, at (609) 897-1484.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

The Exchange proposes to amend Exchange Rule 515A, MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism, to provide that in instances where

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

an Initiating Member³ electronically submits an order that it represents as agent (an “Agency Order”) into a PRIME Auction (“Auction”), which the Initiating Member is willing to automatically match (“auto-match”) as principal, the price and size of responses in the Auction to a Request for Response (“RFR response”)⁴ up to an optional designated limit price and, at the price point where the balance of the Agency Order can be fully executed (the “final auto-match price point”)⁵ there is only one competing Member’s response opposite the Agency Order, the Initiating Member may be allocated up to fifty percent (50%) of the remainder of the Agency Order. The Exchange also proposes to add language in Rule 515A to more fully describe the manner in which any remaining contracts will be allocated at the conclusion of an Auction, and to make other non-substantive changes to Rule 515A to update terminology in the Rule. This is a competitive filing that is substantially and materially based on the price improvement auction rules of BOX Options Exchange, LLC (“BOX”),⁶ and the Chicago Board Options Exchange, Inc. (“CBOE”).⁷

³ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Act. See Exchange Rule 100.

⁴ See Exchange Rule 515A(a)(2)(i). When the Exchange receives a properly designated Agency Order for auction processing, a Request for Responses (“RFR”) detailing the option, side, size, and initiating price will be sent to all subscribers of the Exchange’s data feeds. The RFR will last for 500 milliseconds. Members may submit responses to the RFR (specifying prices and sizes). RFR responses shall be an Auction or Cancel (“AOC”) order or an AOC eQuote. Such responses cannot cross the disseminated MIAX Best Bid or Offer (“MBBO”) on the opposite side of the market from the response.

⁵ For clarity and ease of reference, the Exchange is proposing to define such price point as the “final auto-match price point” in the rule text.

⁶ See BOX Rule 7150(h).

⁷ See Securities Exchange Act Release No. 74864 (May 4, 2015), 80 FR 26601 (May 8, 2015) (SR-CBOE-2015-043).

Pursuant to Exchange Rules 515A(a)(2)(iii)(H) and (I), upon conclusion of an Auction, an Initiating Member will retain certain priority and trade allocation privileges for an Agency Order that the Initiating Member seeks to cross at a single price (a “single-price submission”) and for an Agency Order that the Initiating Member is willing to auto-match. Under current Rule 515A(a)(2)(iii)(H), if the best price equals the Initiating Member’s single-price submission, the Initiating Member’s single-price submission shall be allocated the greater of one contract or a certain percentage of the order, which percentage will be determined by the Exchange and may not be larger than 40%. However, if only one Member’s response matches the Initiating Member’s single price submission then the Initiating Member may be allocated up to 50% of the order.

Similarly, current Exchange Rule 515A(a)(2)(iii)(I) provides that if the Initiating Member selected the auto-match option of the Auction, the Initiating Member shall be allocated its full size of RFR responses⁸ at each price point until the final auto-match price point is reached. At the final auto-match price point, the Initiating Member shall be allocated the greater of one contract or a certain percentage of the remainder of the Agency Order,⁹ which percentage will be determined by the Exchange and may not be larger than 40%. Notably, unlike the single-price submission rules in Rule 515A(a)(2)(iii)(H), current Rule 515A(a)(2)(iii)(I) provides that an Initiating Member would only be entitled to receive an allocation of up to 40% for orders that are matched at the final auto-match price point regardless of the number of Member responses that

⁸ When the Exchange receives a properly designated Agency Order for auction processing, a Request for Responses (“RFR”) detailing the option, side, size, and initiating price will be sent to all subscribers of the Exchange’s data feeds. The RFR will last for 500 milliseconds. Members may submit responses to the RFR (specifying prices and sizes). See Exchange Rule 515A(a)(2)(i).

⁹ For further clarity and ease of reference, the Exchange is proposing to amend the rule to refer to the “Agency Order” in the rule text.

match the Initiating Member's auto-match submission at the final auto-match price point, even when matched by only one competing Member's response. The Exchange believes this result to be inconsistent within the Rules and believes that Initiating Members that price orders more aggressively using the auto-match option should receive allocations at least equal to those that select a single-price submission option for an Auction.

The Exchange proposes to amend Rule 515A(a)(2)(iii)(I) to provide that if only one competing Member's response is present at the final auto-match price point then the Initiating Member may be allocated up to 50% of the remainder of the Agency Order at the final auto-match price point. As discussed above, current Rule 515A(a)(2)(iii)(I) provides that an Initiating Member will receive an allocation of up to 40% for orders that are matched at the final auto-match price point even when matched by only one competing Member's response. The Exchange believes this result to be inconsistent within the Exchange's Rules and believes that Initiating Members that price orders more aggressively using the auto-match option should receive allocations at least equal to those that select a single-price submission option. The Exchange also believes the proposed rule change will more closely align the language in Rule 515A(a)(2)(iii)(I) with the language in Rule 515A(a)(2)(iii)(H), and will thus provide additional internal consistency within the Exchange's Rules by harmonizing order allocations of single-price submissions and auto-match submissions in instances where there is only one competing Member's response at the final Auction price level. Furthermore, the proposed rule change will bring the Exchange's PRIME rules in line with the Rules of other competitor exchanges with which the Exchange competes for order flow.

The Exchange notes that the proposed rule change would not affect the priority of Priority Customers¹⁰ under Rule 515A(2)(iii)(B). Priority Customers on the book would continue to have priority even in cases where a Priority Customer order is resting on the book at the final Auction price. For example, suppose that the National Best Bid (“NBB”) for a particular option is \$1.00 and the national best offer for the option is \$1.20, and that NBB is a Priority Customer order to buy 10 contracts on MIAX. The minimum trading increment in the option is \$0.01. An Initiating Member submits an auto-match Agency Order to sell 100 contracts in the series. The Auction begins, and one responding Member submits a response to buy 50 contracts at \$1.00. The Auction then concludes. In this case, the Priority Customer on the book would have priority and would be allocated 10 contracts, with the remaining 90 contracts being allocated 40% to the Initiating Member and 60% to the responding Member.¹¹ Thus, in this example, the Initiating Member is entitled to receive 40%, or 36 of the remaining 90 contracts, and the responding Member is entitled to receive up to 60%, or 54 of the remaining 90 contracts, but is limited to its full size of 50 contracts. Then the Initiating Member would be allocated the remaining 4 contracts (for a total of 40 to the Initiating Member), because the Initiating Member has guaranteed the entire size of the Agency Order and there are no other matching participants respecting the remaining 4 contracts.

¹⁰ The term “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). See Exchange Rule 100.

¹¹ Although the Priority Customer order has been filled in its entirety, the System currently allocates the remaining 90 contracts as though there are still two participants (the already-filled Priority Customer, together with the responding Member) matching the Initiating Member at the final Auction price.

Similarly, a Priority Customer order resting on the book at a final Auction price level that is worse than the best Member response will also retain priority in the book. For example, assume again that the NBB for a particular option is \$1.00 and the NBO for the option is \$1.20 and that the NBB is a Priority Customer order to buy 10 contracts at MIAX. The minimum increment in the option series is \$0.01. An Initiating Member submits an auto-match Agency Order to sell 100 contracts in the series. The Auction begins and during the Auction, one responding Market Maker (“MM1”) submits an Auction response to buy 20 contracts at \$1.02, a second Market-Maker (“MM2”) submits an Action response to buy 20 contracts at \$1.01, and a third Market-Maker (“MM3”) submits an Auction response to buy 20 contracts at \$1.00. The Auction then concludes. In this example, MM1 and the Initiating Member would each be allocated 20 contracts at \$1.02 and MM2 and the Initiating Member would each be allocated 20 contracts at \$1.01 since the Initiating Member is willing to match the price and size at each improved price level. The remaining 20 contracts would be allocated 10 to the Priority Customer order resting on the book at \$1.00 because the Priority Customer would retain priority at that price level; the remaining 10 contracts would be allocated 50/50 to MM3 and the Initiating Member, 5 contracts each.¹²

¹² The Exchange notes that if an unrelated market or marketable limit order on the opposite side of the market as the Agency Order was received during the Auction and ended the Auction, such unrelated order shall trade against the Agency Order at the midpoint of the best RFR response (or in the absence of a RFR response, the initiating price) and the NBBO on the other side of the market from the RFR responses (rounded towards the disseminated quote when necessary). See Exchange Rule 515A(2)(iii)(F). For example, assume that the NBBO is \$1.00 - \$1.20. An Initiating Trading Permit Holder submits a matched Agency Order to sell 100 options contracts at in the series at \$1.10. The Auction begins and during the Auction, one competing Market-Maker submits an Auction response to buy 100 contracts at \$1.15. Assume that after the first response is received, an unrelated public customer order to buy 100 contracts at \$1.20 is received. This would conclude the auction early after which the public customer order would trade 100 contracts with the Agency Order at \$1.18 (i.e. the \$1.175 midpoint between the best RFR

The Exchange believes that increasing the Initiating Member's allocation priority for auto-match submissions that only have one competing Member's response at the final auto-match price point fairly distributes the Agency Order when there are only two counterparties to the Auction involved, and that doing so is reasonable because of the value that Initiating members provide to the market. Initiating Members selecting the auto-match option for Agency Orders guarantee an execution at the NBBO or at a better price, and are subject to a greater market risk than single-price submissions while the order is exposed to other PRIME participants. As such, the Exchange believes that the value added from Initiating Members guaranteeing execution of Agency Orders at a price equal to or better than the NBBO in combination with the additional market risk of initiating auto-match submissions warrants an allocation priority of at least the same percentage as Initiating Members who submit single-price orders into PRIME. The Exchange also believes that the proposed rule change, like other price improvement allocation programs currently offered by competitor exchanges, will benefit investors by attracting more order flow as well as increasing the frequency with which Members initiate Auctions, which may result in greater opportunities for customer order price improvement. Moreover, as discussed above, the proposed rule change is consistent with the rules and proposals of other exchanges.¹³

The Exchange also proposes to add text to Rules 515A(a)(2)(iii)(H) and (I) to describe the manner in which remaining contracts would be allocated at the conclusion of an Auction under the scenarios therein. Specifically, the Exchange proposes to amend sub-paragraphs (H)

response (\$1.15) and the NBBO on the other side of the market from the RFR responses (\$1.20), rounded up to the next minimum increment).

¹³ See supra notes 6 and 7.

and (I) to provide that (subject to Priority Customer priority), after the Initiating Member has received an allocation of up to 40% or 50% of the Agency Order (or of the remainder of the Agency Order in the case of an auto-match submission) depending upon the number of Member's responses matching the Initiating Member's submission, contracts shall be allocated among remaining quotes, orders, and auction responses (i.e. interests other than the Initiating Member) at the final auction price in accordance with the matching algorithm in effect for the affected class. If all Member responses are filled (i.e. no other interests remain), any remaining contracts will be allocated to the Initiating Member at the single-price submission price for single-price submissions or, for auto-match submissions, at the designated limit price described in Rule 515A(a)(2)(i)(A). The Exchange believes that this additional language would add clarity in the Rules with respect to how remaining odd-lots will be allocated at the conclusion of an Auction.

For example, suppose that the NBBO for a particular option is \$1.00 - \$1.20. The minimum increment for the series is \$0.01 and the matching algorithm in effect for the option class is pro rata. An Initiating Member submits a matched Agency Order to sell 5 contracts at \$1.10. The Auction begins and, during the Auction, one competing Market-Maker ("MM1") submits a response to buy 5 contracts at \$1.10, followed by another Market-Maker ("MM2") submitting a response to buy 5 contracts at \$1.10. The Auction concludes. In this case, under proposed Rule 515A(a)(2)(iii)(H), the Initiating Member would receive an allocation up to 40%, or, in this case, 2 contracts at \$1.10. MM1 and MM2 would then receive 1 contract each at \$1.10 according to the pro rata allocation algorithm in place for the class with MM1, as the first responder, receiving the final 1 contract at the final auction price of \$1.10.¹⁴

¹⁴ See Exchange Rule 514(c)(2)

Similarly, suppose that the NBBO for a particular option is \$1.00 - \$1.20. The minimum increment for the series is \$0.01 and the matching algorithm in effect for the option class is pro rata. An Initiating Member submits a matched Agency Order to sell 5 contracts at \$1.10. The Auction begins and, during the Auction, one competing Market-Maker (“MM1”) submits a response to buy 1 contract at \$1.10, followed by another Market-Maker (“MM2”) submitting a response to buy 1 contract at \$1.10. The Auction concludes. In this case, under proposed Rule 515A(a)(2)(iii)(H), the Initiating Member would receive an allocation up to 40% or, in this case, 2 contracts at \$1.10. MM1 and MM2 would then receive 1 contract each at \$1.10 according to the pro rata allocation algorithm in place for the class. With no other competing interest for the Auction, however, proposed Rule 515A(a)(2)(iii)(H) will simply make clear that if all Member responses are filled (*i.e.* no other interest remains), any remaining contracts will be allocated to the Initiating Member at the single-price submission price. In this case, the final 1 contract would be allocated to the Initiating Member at \$1.10.

Remaining odd-lots for auto-match submissions would be similarly allocated under proposed Rule 515A(a)(2)(iii)(I), except that if all Member responses are filled (*i.e.* no other interest remains), any remaining contracts will be allocated to the Initiating Member at the designated limit price described in sub-paragraph (a)(2)(i)(A). For example, suppose that the NBBO for a particular option is \$1.00 - \$1.20 and the offer is represented by a limit order on the book. The minimum increment for the series is \$0.01 and the matching algorithm in effect for the option class is pro rata. An Initiating Member submits an auto-matched Agency Order to buy 5 contracts at \$1.19, which is one price increment better than the booked order’s limit price of \$1.20.¹⁵ Assume that the Auction begins and, during the Auction, one competing Market-Maker

¹⁵ See Exchange Rule 515A(a)(2)(i)(A).

(“MM1”) submits a response to sell 1 contract at \$1.18, followed by another Market-Maker (“MM2”) submitting a response to sell 1 contract at \$1.17. The Auction concludes. In this case, MM2 and the Initiating Member would each receive 1 contract at \$1.17 and MM1 and the Initiating Member would each receive 1 contract at \$1.18. Because all Member responses would then be filled (i.e. no other interests remain), any remaining contracts will be allocated to the Initiating Member at the designated limit price described in sub-paragraph (a)(2)(i)(A), in this case, 1 contract at \$1.19.

The Exchange notes that these proposed amendments are based on, and consistent with, the rules and proposals of other competitor exchanges.¹⁶ The Exchange believes that the value added when Initiating Members guarantee the execution of Agency Orders at a price equal to or better than the NBBO warrants (to the extent that the Initiating Member is on the final Auction price), an Auction allocation priority of at least the same percentage of the order as any competing Auction responses. The Exchange also believes that the proposed rule change, like other price improvement allocation programs currently offered by competitor exchanges, will benefit investors by attracting more order flow and by increasing the frequency with which Members initiate Auctions, which may result in greater opportunities for price improvement.

Technical Amendments

The Exchange is also proposing two clarifying technical amendments. Specifically, The Exchange proposes to replace the word “order” with the more precise term “Agency Order” in the phrases that are currently in Rules 515A(a)(2)(iii)(H) and (I) for the avoidance of doubt.¹⁷

¹⁶ See supra notes 6 and 7.

¹⁷ See supra note 9.

Additionally, as stated above,¹⁸ the Exchange is proposing to define, in proposed Rule 515A(a)(2)(iii)(I), the price point where the balance of the Agency Order can be fully executed as the “final auto-match price point” in the rule text. This proposed amendment is intended for clarity and ease of reference.

b. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁰ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange further believes the proposed rule change is consistent with the Section 6(b)(5)²¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change protects investors and is in the public interest because it fairly distributes the allocation of the PRIME Agency Order between the Initiating Member and the Member who responded when they are the only two counterparties to the Auction and/or the number of contracts remaining at the final Auction price cannot be evenly distributed at the end of an Auction. The proposed rule change is intended to

¹⁸ See supra note 5.

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

²¹ Id.

enable the Exchange to compete with other exchanges that currently offer price improvement programs with the same trade allocation percentages, and should benefit investors by attracting more order flow and by increasing the number of orders submitted into the PRIME auction mechanism, which the Exchange believes will result in greater opportunity for price improvement. Moreover, the proposed rule change is consistent with the rules and proposals of other exchanges.

Additionally, the Exchange believes that the proposed technical clarifying and definitional amendments to Rule 515A will benefit market participants by enhancing transparency and clarity to the Rules.

With regard to the impact of this proposal on system capacity, the Exchange notes that it has analyzed its capacity and represents that it and the Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle any potential additional traffic associated with the proposed rule change. The Exchange believes that its members will not have a capacity issue as a result of this proposal.

4. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The proposed changes are meant to more fairly allocate an Agency Order submitted for price improvement using auto-match when there are only two competing participants on the contra-side of the Agency Order. The Exchange does not believe that this change will discourage any market participants from entering into the auto-match option of MIAX PRIME. Because auto-match is a more aggressive strategy than a single-price submission, increasing the Initiating Member’s auto-match allocation to up to 50% of the remainder of the Agency Order

when there is only one competing response at the final auto-match price point results in a fair and reasonable allocation methodology. This should encourage more Initiating Members to select the auto-match option when submitting Agency Orders for price improvement via MIAX PRIME, thus enhancing competition for participation in Agency Order allocations.

Furthermore, the Exchange notes that the proposed rule change is a competitive response to similar provisions in the price improvement auction rules of BOX²² and CBOE²³ and thus should promote competition among the options exchanges and establish uniform price improvement auction rules on the various exchanges.

For all the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will in fact enhance competition.

5. **Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

No written comments were either solicited or received.

6. **Extension of Time Period for Commission Action**

Not applicable.

7. **Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

Pursuant to Section 19(b)(3)(A) of the Act²⁴ and Rule 19b-4(f)(6)²⁵ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant

²² See supra note 6.

²³ See supra note 7.

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f)(6).

burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange does not believe that the proposed rule change raises any novel or unique substantive issues. Additionally, the Exchange's filing is substantially similar in all material respects to, and consistent with, similar rules currently effective on other competing options exchanges.²⁶ As such, the Exchange believes that the proposed rule change is essential for competitive purposes and to promote a free and open market for the benefit of investors and traders. Accordingly, the Exchange believes that the proposed rule change is eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. MIAX has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²⁷ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)²⁸ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange respectfully requests that the Commission waive the 30-day operative delay. Waiver of the operative delay is consistent with the protection of investors and the public interest because it

²⁶ See supra notes 6 and 7.

²⁷ 17 CFR 240.19b-4(f)(6).

²⁸ 17 CFR 240.19b-4(f)(6).

will allow the Exchange to compete with trade allocation entitlements in price improvement auctions in that are currently in place on other exchanges.²⁹ Waiver of the 30-day operative delay ensures that the Exchange may compete on a level playing field with other options exchanges that currently have rules in effect respecting trade allocation entitlements in price improvement auctions, as proposed herein. Such waiver will serve to foster competition among the options exchanges for order flow respecting price improvement auction mechanisms.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on the rules of other competing options exchanges.³⁰

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed rule change.

²⁹ See supra notes 6 and 7.

³⁰ See supra notes 6 and 7.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2015-36)

May __, 2015

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Exchange Rule 515A

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 13, 2015, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Exchange Rule 515A.

The text of the proposed rule change is available on the Exchange’s website at http://www.miaxoptions.com/filter/wotitle/rule_filing, at MIAX’s principal office, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Exchange Rule 515A, MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism, to provide that in instances where an Initiating Member³ electronically submits an order that it represents as agent (an “Agency Order”) into a PRIME Auction (“Auction”), which the Initiating Member is willing to automatically match (“auto-match”) as principal, the price and size of responses in the Auction to a Request for Response (“RFR response”)⁴ up to an optional designated limit price and, at the price point where the balance of the Agency Order can be fully executed (the “final auto-match price point”)⁵ there is only one competing Member’s response opposite the Agency Order, the Initiating Member may be allocated up to fifty percent (50%) of the remainder of the Agency Order. The Exchange also proposes to add language in Rule 515A to more fully describe the manner in which any remaining contracts will be allocated at the conclusion of an Auction, and to make other non-substantive changes to Rule 515A to update terminology in the Rule. This is

³ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Act. See Exchange Rule 100.

⁴ See Exchange Rule 515A(a)(2)(i). When the Exchange receives a properly designated Agency Order for auction processing, a Request for Responses (“RFR”) detailing the option, side, size, and initiating price will be sent to all subscribers of the Exchange’s data feeds. The RFR will last for 500 milliseconds. Members may submit responses to the RFR (specifying prices and sizes). RFR responses shall be an Auction or Cancel (“AOC”) order or an AOC eQuote. Such responses cannot cross the disseminated MIAX Best Bid or Offer (“MBBO”) on the opposite side of the market from the response.

⁵ For clarity and ease of reference, the Exchange is proposing to define such price point as the “final auto-match price point” in the rule text.

a competitive filing that is substantially and materially based on the price improvement auction rules of BOX Options Exchange, LLC (“BOX”),⁶ and the Chicago Board Options Exchange, Inc. (“CBOE”).⁷

Pursuant to Exchange Rules 515A(a)(2)(iii)(H) and (I), upon conclusion of an Auction, an Initiating Member will retain certain priority and trade allocation privileges for an Agency Order that the Initiating Member seeks to cross at a single price (a “single-price submission”) and for an Agency Order that the Initiating Member is willing to auto-match. Under current Rule 515A(a)(2)(iii)(H), if the best price equals the Initiating Member’s single-price submission, the Initiating Member’s single-price submission shall be allocated the greater of one contract or a certain percentage of the order, which percentage will be determined by the Exchange and may not be larger than 40%. However, if only one Member’s response matches the Initiating Member’s single price submission then the Initiating Member may be allocated up to 50% of the order.

Similarly, current Exchange Rule 515A(a)(2)(iii)(I) provides that if the Initiating Member selected the auto-match option of the Auction, the Initiating Member shall be allocated its full size of RFR responses⁸ at each price point until the final auto-match price point is reached. At the final auto-match price point, the Initiating Member shall be allocated the greater of one contract or a certain percentage of the remainder of the Agency Order,⁹ which percentage will be

⁶ See BOX Rule 7150(h).

⁷ See Securities Exchange Act Release No. 74864 (May 4, 2015), 80 FR 26601 (May 8, 2015) (SR-CBOE-2015-043).

⁸ When the Exchange receives a properly designated Agency Order for auction processing, a Request for Responses (“RFR”) detailing the option, side, size, and initiating price will be sent to all subscribers of the Exchange’s data feeds. The RFR will last for 500 milliseconds. Members may submit responses to the RFR (specifying prices and sizes). See Exchange Rule 515A(a)(2)(i).

⁹ For further clarity and ease of reference, the Exchange is proposing to amend the rule to

determined by the Exchange and may not be larger than 40%. Notably, unlike the single-price submission rules in Rule 515A(a)(2)(iii)(H), current Rule 515A(a)(2)(iii)(I) provides that an Initiating Member would only be entitled to receive an allocation of up to 40% for orders that are matched at the final auto-match price point regardless of the number of Member responses that match the Initiating Member's auto-match submission at the final auto-match price point, even when matched by only one competing Member's response. The Exchange believes this result to be inconsistent within the Rules and believes that Initiating Members that price orders more aggressively using the auto-match option should receive allocations at least equal to those that select a single-price submission option for an Auction.

The Exchange proposes to amend Rule 515A(a)(2)(iii)(I) to provide that if only one competing Member's response is present at the final auto-match price point then the Initiating Member may be allocated up to 50% of the remainder of the Agency Order at the final auto-match price point. As discussed above, current Rule 515A(a)(2)(iii)(I) provides that an Initiating Member will receive an allocation of up to 40% for orders that are matched at the final auto-match price point even when matched by only one competing Member's response. The Exchange believes this result to be inconsistent within the Exchange's Rules and believes that Initiating Members that price orders more aggressively using the auto-match option should receive allocations at least equal to those that select a single-price submission option. The Exchange also believes the proposed rule change will more closely align the language in Rule 515A(a)(2)(iii)(I) with the language in Rule 515A(a)(2)(iii)(H), and will thus provide additional internal consistency within the Exchange's Rules by harmonizing order allocations of single-price submissions and auto-match submissions in instances where there is only one competing Member's response at the final Auction price level. Furthermore, the proposed rule change will

refer to the "Agency Order" in the rule text.

bring the Exchange's PRIME rules in line with the Rules of other competitor exchanges with which the Exchange competes for order flow.

The Exchange notes that the proposed rule change would not affect the priority of Priority Customers¹⁰ under Rule 515A(2)(iii)(B). Priority Customers on the book would continue to have priority even in cases where a Priority Customer order is resting on the book at the final Auction price. For example, suppose that the National Best Bid ("NBB") for a particular option is \$1.00 and the national best offer for the option is \$1.20, and that NBB is a Priority Customer order to buy 10 contracts on MIAX. The minimum trading increment in the option is \$0.01. An Initiating Member submits an auto-match Agency Order to sell 100 contracts in the series. The Auction begins, and one responding Member submits a response to buy 50 contracts at \$1.00. The Auction then concludes. In this case, the Priority Customer on the book would have priority and would be allocated 10 contracts, with the remaining 90 contracts being allocated 40% to the Initiating Member and 60% to the responding Member.¹¹ Thus, in this example, the Initiating Member is entitled to receive 40%, or 36 of the remaining 90 contracts, and the responding Member is entitled to receive up to 60%, or 54 of the remaining 90 contracts, but is limited to its full size of 50 contracts. Then the Initiating Member would be allocated the remaining 4 contracts (for a total of 40 to the Initiating Member), because the Initiating Member has guaranteed the entire size of the Agency Order and there are no other matching participants respecting the remaining 4 contracts.

¹⁰ The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). See Exchange Rule 100.

¹¹ Although the Priority Customer order has been filled in its entirety, the System currently allocates the remaining 90 contracts as though there are still two participants (the already-filled Priority Customer, together with the responding Member) matching the Initiating Member at the final Auction price.

Similarly, a Priority Customer order resting on the book at a final Auction price level that is worse than the best Member response will also retain priority in the book. For example, assume again that the NBB for a particular option is \$1.00 and the NBO for the option is \$1.20 and that the NBB is a Priority Customer order to buy 10 contracts at MIAX. The minimum increment in the option series is \$0.01. An Initiating Member submits an auto-match Agency Order to sell 100 contracts in the series. The Auction begins and during the Auction, one responding Market Maker (“MM1”) submits an Auction response to buy 20 contracts at \$1.02, a second Market-Maker (“MM2”) submits an Action response to buy 20 contracts at \$1.01, and a third Market-Maker (“MM3”) submits an Auction response to buy 20 contracts at \$1.00. The Auction then concludes. In this example, MM1 and the Initiating Member would each be allocated 20 contracts at \$1.02 and MM2 and the Initiating Member would each be allocated 20 contracts at \$1.01 since the Initiating Member is willing to match the price and size at each improved price level. The remaining 20 contracts would be allocated 10 to the Priority Customer order resting on the book at \$1.00 because the Priority Customer would retain priority at that price level; the remaining 10 contracts would be allocated 50/50 to MM3 and the Initiating Member, 5 contracts each.¹²

¹² The Exchange notes that if an unrelated market or marketable limit order on the opposite side of the market as the Agency Order was received during the Auction and ended the Auction, such unrelated order shall trade against the Agency Order at the midpoint of the best RFR response (or in the absence of a RFR response, the initiating price) and the NBBO on the other side of the market from the RFR responses (rounded towards the disseminated quote when necessary). See Exchange Rule 515A(2)(iii)(F). For example, assume that the NBBO is \$1.00 - \$1.20. An Initiating Trading Permit Holder submits a matched Agency Order to sell 100 options contracts at in the series at \$1.10. The Auction begins and during the Auction, one competing Market-Maker submits an Auction response to buy 100 contracts at \$1.15. Assume that after the first response is received, an unrelated public customer order to buy 100 contracts at \$1.20 is received. This would conclude the auction early after which the public customer order would trade 100 contracts with the Agency Order at \$1.18 (i.e. the \$1.175 midpoint between the best RFR response (\$1.15) and the NBBO on the other side of the market from the RFR responses (\$1.20), rounded up to the next minimum increment)).

The Exchange believes that increasing the Initiating Member's allocation priority for auto-match submissions that only have one competing Member's response at the final auto-match price point fairly distributes the Agency Order when there are only two counterparties to the Auction involved, and that doing so is reasonable because of the value that Initiating members provide to the market. Initiating Members selecting the auto-match option for Agency Orders guarantee an execution at the NBBO or at a better price, and are subject to a greater market risk than single-price submissions while the order is exposed to other PRIME participants. As such, the Exchange believes that the value added from Initiating Members guaranteeing execution of Agency Orders at a price equal to or better than the NBBO in combination with the additional market risk of initiating auto-match submissions warrants an allocation priority of at least the same percentage as Initiating Members who submit single-price orders into PRIME. The Exchange also believes that the proposed rule change, like other price improvement allocation programs currently offered by competitor exchanges, will benefit investors by attracting more order flow as well as increasing the frequency with which Members initiate Auctions, which may result in greater opportunities for customer order price improvement. Moreover, as discussed above, the proposed rule change is consistent with the rules and proposals of other exchanges.¹³

The Exchange also proposes to add text to Rules 515A(a)(2)(iii)(H) and (I) to describe the manner in which remaining contracts would be allocated at the conclusion of an Auction under the scenarios therein. Specifically, the Exchange proposes to amend sub-paragraphs (H) and (I) to provide that (subject to Priority Customer priority), after the Initiating Member has received an allocation of up to 40% or 50% of the Agency Order (or of the remainder of the Agency Order in the case of an auto-match submission) depending upon the number of

¹³ See supra notes 6 and 7.

Member's responses matching the Initiating Member's submission, contracts shall be allocated among remaining quotes, orders, and auction responses (i.e. interests other than the Initiating Member) at the final auction price in accordance with the matching algorithm in effect for the affected class. If all Member responses are filled (i.e. no other interests remain), any remaining contracts will be allocated to the Initiating Member at the single-price submission price for single-price submissions or, for auto-match submissions, at the designated limit price described in Rule 515A(a)(2)(i)(A). The Exchange believes that this additional language would add clarity in the Rules with respect to how remaining odd-lots will be allocated at the conclusion of an Auction.

For example, suppose that the NBBO for a particular option is \$1.00 - \$1.20. The minimum increment for the series is \$0.01 and the matching algorithm in effect for the option class is pro rata. An Initiating Member submits a matched Agency Order to sell 5 contracts at \$1.10. The Auction begins and, during the Auction, one competing Market-Maker ("MM1") submits a response to buy 5 contracts at \$1.10, followed by another Market-Maker ("MM2") submitting a response to buy 5 contracts at \$1.10. The Auction concludes. In this case, under proposed Rule 515A(a)(2)(iii)(H), the Initiating Member would receive an allocation up to 40%, or, in this case, 2 contracts at \$1.10. MM1 and MM2 would then receive 1 contract each at \$1.10 according to the pro rata allocation algorithm in place for the class with MM1, as the first responder, receiving the final 1 contract at the final auction price of \$1.10.¹⁴

Similarly, suppose that the NBBO for a particular option is \$1.00 - \$1.20. The minimum increment for the series is \$0.01 and the matching algorithm in effect for the option class is pro rata. An Initiating Member submits a matched Agency Order to sell 5 contracts at \$1.10. The Auction begins and, during the Auction, one competing Market-Maker ("MM1") submits a

¹⁴ See Exchange Rule 514(c)(2)

response to buy 1 contract at \$1.10, followed by another Market-Maker (“MM2”) submitting a response to buy 1 contract at \$1.10. The Auction concludes. In this case, under proposed Rule 515A(a)(2)(iii)(H), the Initiating Member would receive an allocation up to 40% or, in this case, 2 contracts at \$1.10. MM1 and MM2 would then receive 1 contract each at \$1.10 according to the pro rata allocation algorithm in place for the class. With no other competing interest for the Auction, however, proposed Rule 515A(a)(2)(iii)(H) will simply make clear that if all Member responses are filled (*i.e.* no other interest remains), any remaining contracts will be allocated to the Initiating Member at the single-price submission price. In this case, the final 1 contract would be allocated to the Initiating Member at \$1.10.

Remaining odd-lots for auto-match submissions would be similarly allocated under proposed Rule 515A(a)(2)(iii)(I), except that if all Member responses are filled (*i.e.* no other interest remains), any remaining contracts will be allocated to the Initiating Member at the designated limit price described in sub-paragraph (a)(2)(i)(A). For example, suppose that the NBBO for a particular option is \$1.00 - \$1.20 and the offer is represented by a limit order on the book. The minimum increment for the series is \$0.01 and the matching algorithm in effect for the option class is pro rata. An Initiating Member submits an auto-matched Agency Order to buy 5 contracts at \$1.19, which is one price increment better than the booked order’s limit price of \$1.20.¹⁵ Assume that the Auction begins and, during the Auction, one competing Market-Maker (“MM1”) submits a response to sell 1 contract at \$1.18, followed by another Market-Maker (“MM2”) submitting a response to sell 1 contract at \$1.17. The Auction concludes. In this case, MM2 and the Initiating Member would each receive 1 contract at \$1.17 and MM1 and the Initiating Member would each receive 1 contract at \$1.18. Because all Member responses would then be filled (*i.e.* no other interests remain), any remaining contracts will be allocated to the

¹⁵ See Exchange Rule 515A(a)(2)(i)(A).

Initiating Member at the designated limit price described in sub-paragraph (a)(2)(i)(A), in this case, 1 contract at \$1.19.

The Exchange notes that these proposed amendments are based on, and consistent with, the rules and proposals of other competitor exchanges.¹⁶ The Exchange believes that the value added when Initiating Members guarantee the execution of Agency Orders at a price equal to or better than the NBBO warrants (to the extent that the Initiating Member is on the final Auction price), an Auction allocation priority of at least the same percentage of the order as any competing Auction responses. The Exchange also believes that the proposed rule change, like other price improvement allocation programs currently offered by competitor exchanges, will benefit investors by attracting more order flow and by increasing the frequency with which Members initiate Auctions, which may result in greater opportunities for price improvement.

Technical Amendments

The Exchange is also proposing two clarifying technical amendments. Specifically, The Exchange proposes to replace the word “order” with the more precise term “Agency Order” in the phrases that are currently in Rules 515A(a)(2)(iii)(H) and (I) for the avoidance of doubt.¹⁷ Additionally, as stated above,¹⁸ the Exchange is proposing to define, in proposed Rule 515A(a)(2)(iii)(I), the price point where the balance of the Agency Order can be fully executed as the “final auto-match price point” in the rule text. This proposed amendment is intended for clarity and ease of reference.

¹⁶ See supra notes 6 and 7.

¹⁷ See supra note 9.

¹⁸ See supra note 5.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁰ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange further believes the proposed rule change is consistent with the Section 6(b)(5)²¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change protects investors and is in the public interest because it fairly distributes the allocation of the PRIME Agency Order between the Initiating Member and the Member who responded when they are the only two counterparties to the Auction and/or the number of contracts remaining at the final Auction price cannot be evenly distributed at the end of an Auction. The proposed rule change is intended to enable the Exchange to compete with other exchanges that currently offer price improvement programs with the same trade allocation percentages, and should benefit investors by attracting more order flow and by increasing the number of orders submitted into the PRIME auction mechanism, which the Exchange believes will result in greater opportunity for price improvement. Moreover, the proposed rule change is consistent with the rules and proposals of other exchanges.

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

²¹ Id.

Additionally, the Exchange believes that the proposed technical clarifying and definitional amendments to Rule 515A will benefit market participants by enhancing transparency and clarity to the Rules.

With regard to the impact of this proposal on system capacity, the Exchange notes that it has analyzed its capacity and represents that it and the Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle any potential additional traffic associated with the proposed rule change. The Exchange believes that its members will not have a capacity issue as a result of this proposal.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The proposed changes are meant to more fairly allocate an Agency Order submitted for price improvement using auto-match when there are only two competing participants on the contra-side of the Agency Order. The Exchange does not believe that this change will discourage any market participants from entering into the auto-match option of MIAX PRIME. Because auto-match is a more aggressive strategy than a single-price submission, increasing the Initiating Member’s auto-match allocation to up to 50% of the remainder of the Agency Order when there is only one competing response at the final auto-match price point results in a fair and reasonable allocation methodology. This should encourage more Initiating Members to select the auto-match option when submitting Agency Orders for price improvement via MIAX PRIME, thus enhancing competition for participation in Agency Order allocations.

Furthermore, the Exchange notes that the proposed rule change is a competitive response to similar provisions in the price improvement auction rules of BOX²² and CBOE²³ and thus should promote competition among the options exchanges and establish uniform price improvement auction rules on the various exchanges.

For all the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will in fact enhance competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act²⁴ and Rule 19b-4(f)(6)²⁵ thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or

²² See supra note 6.

²³ See supra note 7.

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2015-36 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2015-36. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-MIAX-2015-36 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Brent J. Fields
Secretary

²⁶ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined;
Deleted text is in [brackets]

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

Rule 515A. MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism

(a) **Price Improvement Mechanism (“PRIME”).** PRIME is a process by which a Member may electronically submit for execution (“Auction”) an order it represents as agent (“Agency Order”) against principal interest, and/or an Agency Order against solicited interest.

(1) No change.

(2) **Auction Process.** Only one Auction may be ongoing at any given time in an option and Auctions in the same option may not queue or overlap in any manner. The Auction may not be cancelled and shall proceed as follows:

(i) - (ii) No change.

(iii) **Order Allocation.** At the conclusion of the Auction, the Agency Order will be allocated at the best price(s) pursuant to the matching algorithm in effect for the class subject to the following:

(A) - (G) No change.

(H) Notwithstanding (a)(2)(iii)(C), (D) above, if the best price equals the Initiating Member’s single-price submission, the Initiating Member’s single-price submission shall be allocated the greater of one contract or a certain percentage of the order, which percentage will be determined by the Exchange and may not be larger than 40%. However, if only one Member’s response matches the Initiating Member’s single price submission then the Initiating Member may be allocated up to 50% of the Agency [o]Order. Thereafter, contracts shall be allocated among remaining quotes, orders and auction responses (i.e. interests other than the Initiating Member) at the single price submission price in accordance with the matching algorithm in effect for the affected class as described in sub-paragraph (a)(2)(iii) above. If all Member responses are filled (i.e., no other interest remains at the single-price submission price), any remaining contracts will be allocated to the Initiating Member at the single-price submission price.

(I) Notwithstanding (a)(2)(iii)(C), (D) above, if the Initiating Member selected the auto-match option of the Auction, the Initiating Member shall be allocated its full size of RFR responses at each price point up to the designated limit price or until a price point is

reached where the balance of the Agency [o]Order can be fully executed (the “final auto-match price point”). At [such] the final auto-match price point, the Initiating Member shall be allocated the greater of one contract or a certain percentage of the remainder of the Agency [o]Order, which percentage will be determined by the Exchange and may not be larger than 40%. However, if only one Member’s response matches the Initiating Member’s submission at the final auto-match price point, then the Initiating Member may be allocated up to 50% of the remainder of the Agency Order at the final auto-match price point. Thereafter, contracts shall be allocated among remaining quotes, orders and auction responses (i.e., interest other than the Initiating Member) at the final auto-match price point in accordance with the matching algorithm in effect for the affected class as described in sub-paragraph (a)(2)(iii) above. If all Member responses are filled (i.e., no other interest remains), any remaining contracts will be allocated to the Initiating Member at the designated limit price described in sub-paragraph (a)(2)(i)(A) above.

(J) - (M) No change.

(b) No change.

Interpretations and Policies:

No change.
